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October 23, 2006

Ref: 2610-00000

Honorable James H. Welsh
Commissioner of Conservation
Post Office Box 94275
Baton Rouge, LA 70804-4275

Re: Hearing Application
MA-1 Zone, Reservoir B
VACHERIE FIELD
St. James & St. John the Baptist Parishes,
Louisiana
Applicant: Petsec Energy Inc.

Dear Mr. Commissioner:

In accordance with the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana, application is hereby made on behalf of **Petsec Energy Inc.** for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order pertaining to the following matters relating to the MA-1 Zone, Reservoir B, Vacherie Field, St. James & St. John the Baptist Parishes, Louisiana.

1. To create a single drilling and production unit of approximately 343 acres for the MA-1 Zone, Reservoir B, designated as the MA-1 RB SUA, Vacherie Field, St. James & St. John the Baptist Parishes, Louisiana, all as shown more particularly on the attached plat;
2. To establish rules and regulations governing the exploration for and production of gas and condensate from the said unit;
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the unit so created, with each tract sharing in unit production on a surface acreage basis of participation;
4. To consider such other matters relating to the subject reservoir as may be appropriate and justified by the evidence presented at the public hearing.

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The MA-1 Zone, Reservoir B in the Vacherie Field is hereby defined as being that gas and condensate bearing zone encountered between the measured depths of 10,325 feet and 10,935 feet (electrical log measurements) in the Republic Mineral Corp.-Pelto Oil No. 3 Well located in Section 50, Township 13 South, Range 17 East, St. James Parish, Louisiana.

In accordance with the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana, the Commissioner of Conservation, the District Manager of the Lafayette District of the Office of Conservation and all interested owners, represented parties and interested parties known to the applicant after a reasonable search were notified in writing in the pre-application notice dated October 12, 2006 that a conference to discuss the proposed application was tentatively scheduled for 10:30 a.m. on Friday, November 3, 2006. It was stated at that time that this conference would be held only if a request to confer were received by the undersigned within ten (10) calendar days after the date of the pre-application notice. No requests to confer were received either in writing or by telephone and, in accordance with the Rules of Procedure, the tentatively scheduled conference **WILL NOT BE HELD.**

Attached hereto and made a part hereof is a plat outlining the MA-1 RB SUA, St. James & St. John the Baptist Parishes, Louisiana, and a list of the names and addresses of the interested owners, represented parties and interested parties to whom this notice is being sent. It is hereby certified that a reasonable effort was made to ascertain the names and addresses of all interested owners, represented parties and interested parties.

A copy of the list of the names and addresses of the interested owners, represented parties and interested parties is not being mailed to those parties along with this application notice. Should any such party desire a copy of this list, however, we will be glad to provide one upon request.

Upon receipt of the legal notice in the captioned matter, the notice will be posted, published and mailed in accordance with Rule 7 of the Rules of Procedure.

Any pertinent data relating to the proposed unit can be obtained, AT THE COST OF THE REQUESTING PARTY, from Mr. Louis Gilbert of Louis Gilbert & Associates, 3636 N. Causeway Blvd., Suite 204, Metairie, LA 70002 (504) 834-8112.

Finally, there is enclosed herewith our check on behalf of the applicant in the amount of \$755.00, made payable to the Office of Conservation, representing the required hearing application fee.

Very truly yours,


William F. Bailey

WFB/ht
Attachments
cc: Mr. Richard D. Hudson, District Manager
Office of Conservation

All Interested Owners, Represented Parties
and Interested Parties

